

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO MMA INTERROGATORY MMA/USPS-1
(November 19, 2001)

The United States Postal Service hereby provides its response to the following interrogatories of the MMA: MMA/USPS-1, filed on November 5, 2001. The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:


Eric P. Koetting

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November 19, 2001

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE MAJOR MAILERS ASSOCIATION

MMA/USPS-1 Please refer to the USPS institutional response to Interrogatory MMA/USPS-T22-7, Part E which describes why the cost pools for "MODS99, 1SUPP_F1" and "MODS, 1SUPP_F4" are not applicable or relevant.

- A. Please explain why in this proceeding the costs for (1) "MODS18, 1MISC" and "MODS 18, 1SUPPORT" are provided in for 1suppf1 and (2) "MODS 48, LD48 OTH" and "MODS 48, LD48_ADM" are provided in 1supp4, and are treated differently from the way the Commission treated them in Docket No. R2000-1, where you have confirmed the costs in part D to the original interrogatory.
- B. Please explain why the costs for (1) "MODS18, 1MISC" and "MODS 18, 1SUPPORT" are provided in for 1suppf1 and (2) "MODS 48, LD48 OTH" and "MODS 48, LD48_ADM" are provided in 1supp4, as shown on page 8 of Library Reference USPS-LR-J-84, but are not reported as such on page 8 of Library Reference USPS-LR-J-60.
- C. Please confirm that USPS witness Miller's proposed cost savings would increase by approximately 16% to 18% for each First-Class Automation rate category, if the Commission assumes that labor costs vary 100% with volume, as it has done for 30 years. If you cannot confirm, please explain.

RESPONSE

- A. This difference between the treatment of the cost pools 1suppf1 and 1supp4 for USPS LR-J-84 and the PRC's treatment of these cost pools in Docket No. R2000-1 (PRC LR-18) is one of presentation not substance. This is because the cost pool "1suppf1" is the combination of the cost pools "MODS 18, 1MISC" and "MODS 18, 1SUPPORT" and likewise "1supp4" is the combination of the cost pools "MODS 48, LD48 OTH" and "MODS 48, LD48_ADM." (See witness Van-Ty-Smith, USPS-T-13, page 15, lines 14-19). In providing USPS LR-J-84 we attempt to follow the methodology used by the PRC. The difference you cite is not a methodology difference. This difference in presentation of the PRC costs

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RESPONSE TO MMA/USPS-1 (CONTINUED)

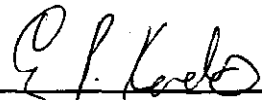
by cost pool was also true in R2000-1 (compare PRC LR-09 with USPS LR-I-137 and USPS LR-I-466).

- B. As indicated in response to part A, this reflects a difference in presentation. This same difference in presentation occurs in the original filing of Docket No. R2000-1, see USPS LR-I-81 and USPS LR-I-137.
- C. Partially confirmed. The actual figures are listed below based on the revisions to both USPS LR-J-60 and USPS LR-J-84 that were filed on Thursday November 15, 2001.

First-Class Mail Automation Rate Category	USPS Savings	PRC Savings	Percent Increase
Mixed AADC letters	5.091	5.976	17.38%
AADC letters	5.966	7.058	18.30%
3-Digit letters	6.282	7.421	18.13%
5-Digit letters	7.419	8.693	17.17%
Carrier Route letters	1.636	2.009	22.80%
Mixed AADC cards	0.557	0.712	27.83%
AADC cards	1.012	1.304	28.85%
3-Digit cards	1.173	1.501	27.96%
5-Digit cards	1.762	2.197	24.69%
Carrier Route cards	0.821	1.078	31.30%

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


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